

SENATE BILL NO. 75

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - FIRST SESSION

BY SENATOR VON IMHOF

Introduced: 2/5/21

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the duties of the legislative finance division; relating to an
2 appropriation limit; relating to the budget responsibilities of the governor; and
3 providing for an effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** AS 24.20.231 is amended to read:

6 **Sec. 24.20.231. Duties.** The legislative finance division shall

7 (1) analyze the budget and appropriation requests of each department,
8 institution, bureau, board, commission, or other agency of state government;

9 (2) analyze the revenue requirements of the state;

10 (3) provide the finance committees of the legislature with
11 comprehensive budget review and fiscal analysis services;

12 (4) cooperate with the office of management and budget in establishing
13 a comprehensive system for state budgeting and financial management as set out in
14 AS 37.07 (Executive Budget Act);

(5) complete studies and prepare reports, memoranda, or other materials as directed by the Legislative Budget and Audit Committee;

(6) with the governor's permission, designate the legislative fiscal analyst to serve ex officio on the governor's budget review committee;

(7) identify the actual reduction in state expenditures in the first fiscal year following a review under AS 44.66.040 resulting from that review and inform the Legislative Budget and Audit Committee of the amount of the reduction; [AND]

(8) not later than the first legislative day of each first regular session of each legislature, conduct a review in accordance with AS 24.20.235 of the report provided to the division under AS 43.05.095; and

(9) analyze the appropriation limit and prepare a report in accordance with AS 24.20.236.

* **Sec. 2.** AS 24.20 is amended by adding a new section to read:

Sec. 24.20.236. Appropriation limit review. Every three years, not later than the first legislative day of the regular session, the legislative finance division shall deliver to the chair of the finance committee in each house of the legislature a report analyzing the appropriation limit under AS 37.05.545 and the growth rate of the limit.

* **Sec. 3.** AS 37.05.540(a) is amended to read:

(a) There is established as a separate fund in the state treasury the budget reserve fund. The budget reserve fund consists of appropriations to the fund. [MONEY RECEIVED BY THE STATE THAT IS SUBJECT TO THE APPROPRIATION LIMIT UNDER (b) OF THIS SECTION AND THAT EXCEEDS THAT LIMIT, MAY BE APPROPRIATED TO THE BUDGET RESERVE FUND.]

* **Sec. 4.** AS 37.05 is amended by adding a new section to read:

Sec. 37.05.545. Appropriation limit. (a) Except as provided in (c) of this section, unrestricted general fund appropriations made for a fiscal year may not exceed \$6,000,000,000 by more than the sum of \$6,000,000,000 multiplied by 75 percent of the cumulative change in inflation and \$6,000,000,000 multiplied by 25 percent of the cumulative change in the estimated population of the state. In this subsection,

(1) "cumulative change in inflation" means the difference between the average Consumer Price Index for Urban Alaska prepared by the United States Bureau

1 of Labor Statistics for the previous five fiscal years and 220.401, divided by 220.401;
 2 220.401 is the average Consumer Price Index for Urban Alaska prepared by the
 3 United States Bureau of Labor Statistics for the period beginning July 1, 2015, and
 4 ending June 30, 2020;

5 (2) "cumulative change in the estimated population of the state" means
 6 the difference between the most recent annual estimate of population by the
 7 Department of Labor and Workforce Development and population of the base year,
 8 divided by the population of the base year; "population of the base year" means the
 9 estimate of the population by the Department of Labor and Workforce Development
 10 for July 2020.

11 (b) The appropriation limit in (a) of this section does not apply to an
 12 appropriation

13 (1) to the principal of the Alaska permanent fund;

14 (2) required to pay debt obligations of the state, including general
 15 obligation and revenue bonds;

16 (3) to meet a state of disaster declared by the governor as prescribed by
 17 law; or

18 (4) of money to a state savings account or fund that requires a
 19 subsequent appropriation from that account or fund.

20 (c) The legislature may appropriate an additional amount in excess of the
 21 appropriation limit under (a) of this section for capital improvements, except that the
 22 amount for capital improvements made in excess of the appropriation limit in a fiscal
 23 year may not exceed five percent of the total appropriation limit for that fiscal year.

24 (d) In this section,

25 (1) "debt obligation" does not include a state pension liability or an
 26 appropriation for school bond debt reimbursement under AS 14.11.100;

27 (2) "program receipts" has the meaning given in AS 37.05.146;

28 (3) "unrestricted general fund" means money deposited in the state
 29 treasury that has not been dedicated or designated for use by the Constitution of the
 30 State of Alaska or by law; "unrestricted general fund" does not include program
 31 receipts or reappropriations.

1 * **Sec. 5.** AS 37.07.020 is amended by adding a new subsection to read:

2 (f) In addition to the budget and bills submitted under (a) of this section and
3 the fiscal plan submitted under (b) of this section, the governor shall submit a report
4 with a calculation of appropriations made in the budget prepared under (a) of this
5 section as applied to the appropriation limit under AS 37.05.545. The governor shall
6 update the report upon submission of the governor's supplemental appropriation bills
7 and the governor's budget amendments under the time limits prescribed in
8 AS 37.07.070.

9 * **Sec. 6.** AS 37.05.540(b), 37.05.540(c), and 37.05.540(e) are repealed.

10 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
11 read:

12 APPLICABILITY. Sections 4 and 5 of this Act apply to appropriations that take effect
13 in the fiscal year ending June 30, 2022.

14 * **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to
15 read:

16 TRANSITION: LEGISLATIVE FINANCE DIVISION REPORT. Notwithstanding
17 AS 24.20.236, added by sec. 2 of this Act, the first legislative finance division review and
18 report required under AS 24.20.236 is due not later than the first legislative day of the 2024
19 regular session.

20 * **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

22 TRANSITION: CALCULATION OF APPROPRIATION LIMIT. Notwithstanding
23 AS 37.05.545(a), added by sec. 4 of this Act, unrestricted general fund appropriations made
24 for the fiscal year ending June 30, 2022, may not exceed \$6,000,000,000, excluding
25 appropriations under AS 37.05.545(b) and (c), added by sec. 4 of this Act.

26 * **Sec. 10.** This Act takes effect July 1, 2021.